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DIVISION OF
OIL AND GAS

BP Exploration (Alaska) Inc.
900 East Benson Boulevard
P.O. Box 196612
Anchorage, Alaska 99519-6612
(907) 561-5111

July 11, 2012

Mr. Thomas Barrett
Alaska Department of Natural Resources
Division of Oil and Gas
550 W. 7th Ave., Suite 800
Anchorage, Alaska 99501-3577

Amendment to Unit Plan of Operations
Response to ADNR DOG Request for Information June 22, 2012
C Pad Expansion for Rig Access
LO/NS 84-123
Milne Point Unit

Dear Mr. Barrett:

BP Exploration (Alaska) Inc. (BPXA) has received an e-mail dated June 22, 2012 from ADNR DOG, requesting more information for a proposed project to expand the gravel pad at C Pad in the Milne Point Unit (MPU). The purpose of this project is to increase the pad size in order to accommodate drill rig access and movement. The following documentation addresses questions and requests listed in the June 22, 2012 letter from ADNR DOG.

In support of this request, enclosed you will find the following:

- Revised Project Description/Plan of Operations
- Revised Figures-please note addition of Figure 2a
- Revised State of Alaska ADNR/DOG Lease/Unit Plan of Operations Application

Please note that this project is not mentioned in the Unit Plan of Development (POD), as the POD covers reservoir development activities, not routine operations and maintenance activities. If you have any questions or require additional information, please contact me at (907) 564-4325, Janet.Sheldon@bp.com or Kirsten Hoppe at 564-4093, hoppkw2@bp.com.

Sincerely,

Janet Sheldon,
Permitting Advisor, HSE-Alaska

Project Description/Plan of Operations C Pad Expansion for Rig Access-Revised Milne Point Unit

BP Exploration (Alaska) Inc. (BPXA) proposes to expand the gravel pad at C Pad in the Milne Point Unit (MPU).

Amendment to Unit Plan of Development (POD)

This project is not mentioned in the Unit Plan of Development (POD), as the POD covers reservoir development activities, not routine operations and maintenance activities. BPXA is seeking an amendment to the Unit POD. According to BPXA records, the LO/NS number to be amended is 84-123 and the associated Oil and Gas Bond number is 6184193.

Location

See attached application and figures.

Purpose

The purpose of this project is to increase the pad size in order to accommodate drill rig access and movement. The rigs currently used are larger than the ones used when the pad was constructed. When the larger drill rigs are positioned on the well heads additional space is required for emergency egress (see figures).

History

MPU C Pad was originally permitted in 1981. Drill rigs used immediately after the construction of C Pad were smaller than rigs used today. The original drill rigs needed approximately 100 feet from the well head to the edge of the pad. The new rigs require approximately 145 feet from the well head to the edge of the pad, this includes room for emergency egress vehicles to move behind the drill rig.

Scope of Proposed Activities

The project scope will consist of the following:

- Placing approximately 19,000 cubic yards of gravel off of the existing pad, on to the tundra (see figures)
- The area to be covered by gravel is approximately 1.88 acres
- Gravel will be placed by equipment working on the existing pad, therefore tundra travel will not be necessary
- Gravel and will come from permitted sources

Schedule

The project is scheduled to begin in July 2012. It is estimated this expansion will be complete by July 2013.

Site Access

C Pad will be accessed by existing unit roads.

Equipment

Shovels, backhoes, loaders and other equipment will be used to place the proposed gravel onto the tundra.

Necessary Infrastructure

Existing North Slope infrastructure will be used.

Material Requirements

- Pit-run gravel from permitted gravel sources will be used
- Approximately 19,000 cubic yards of gravel will be used

Hazardous Substances

No hazardous substances will be stored at the project site.

Anticipated Permitting Requirements

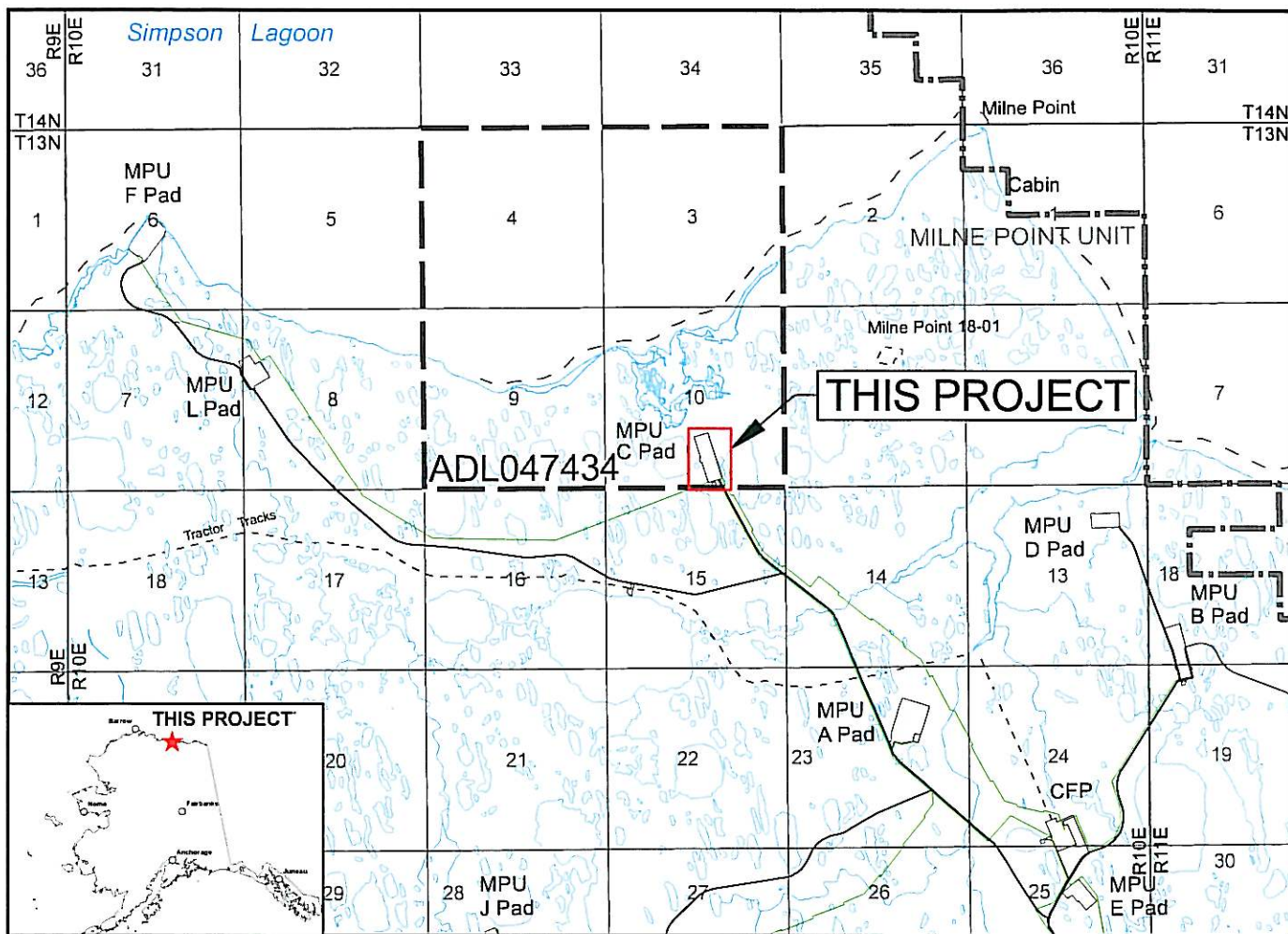
- USACE Permit Modification, 4-810092
- NSB Development Permit 12-342

Minimization of Impacts to Environment, Wildlife and other Resources

- Gravel will be laid after nesting season, to avoid potential bird nesting conflicts
- The absolute minimum amount of gravel will be laid

Rehabilitation Plan

Rehabilitation will be upon abandonment.



This map is based on U.S.G.S quad Beechey Point (B-5)
and on the Unit Operator's Facility Maps.



PROJECT LOCATION:

MILNE POINT UNIT - C PAD

NAD83

LAT. = 70° 29' 22.911"

70.489698

LONG. = -149° 31' 36.733"

-149.526870

ALASKA STATE PLANE ZONE 4, NAD83

X = 1,698,292.78 FEET

Y = 6,028,802.69 FEET

SEC. 10 T13N, R10E UMIAT M.

ADL # 047434

DATUM: MEAN SEA LEVEL

PURPOSE: GRAVEL EXPANSION

ADJACENT PROPERTY OWNER:
STATE OF ALASKA

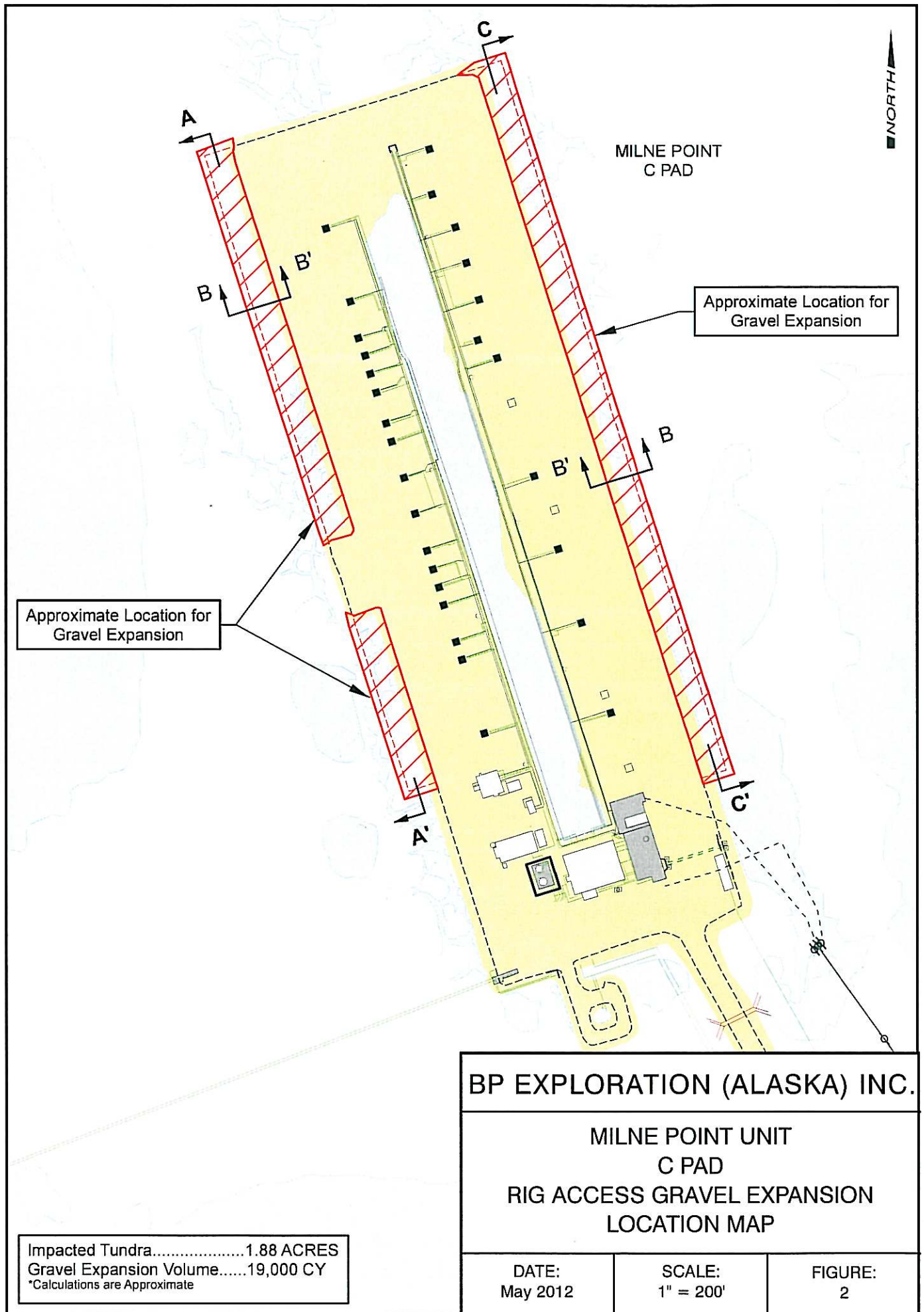
BP EXPLORATION (ALASKA) INC.

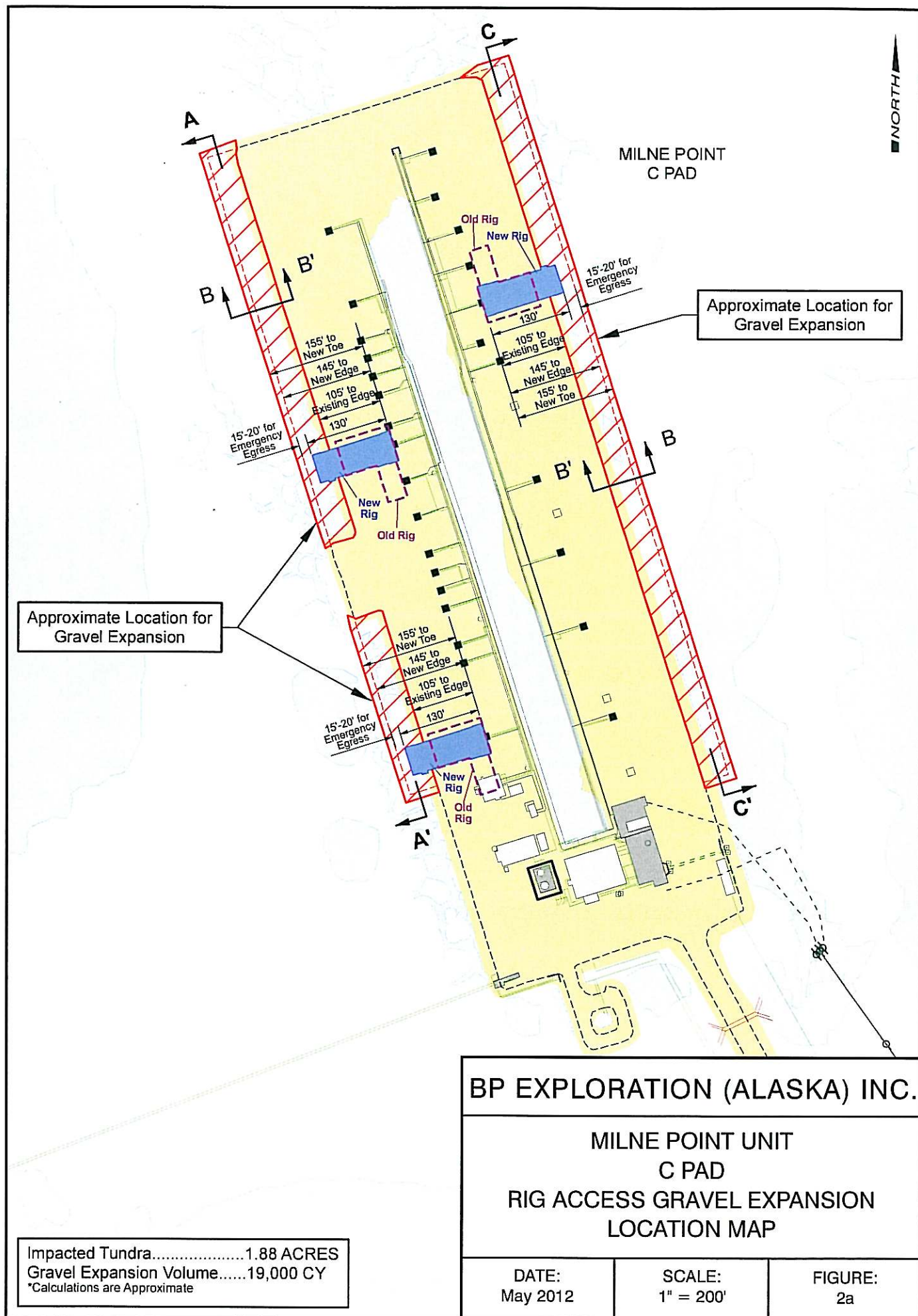
**MILNE POINT UNIT
C PAD
RIG ACCESS GRAVEL EXPANSION
VICINITY MAP**

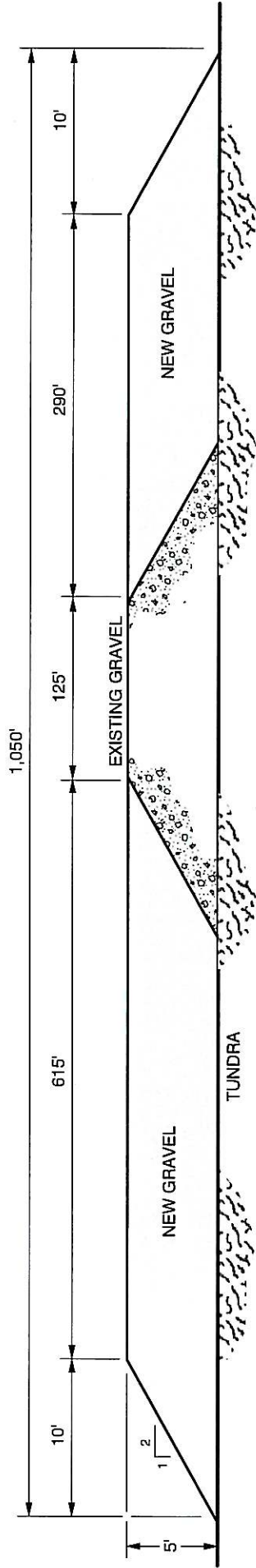
DATE:
May 2012

SCALE:
1" = 1 Mile

FIGURE:
1

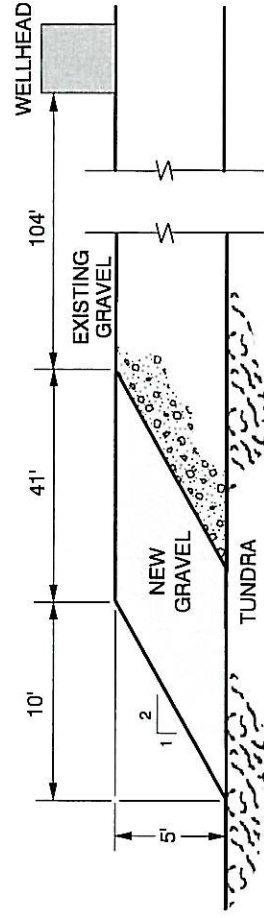






GRAVEL EXPANSION A-A'

Not to Scale



GRAVEL EXPANSION B-B'

Not to Scale

BP EXPLORATION (ALASKA) INC.

MILNE POINT UNIT
C PAD

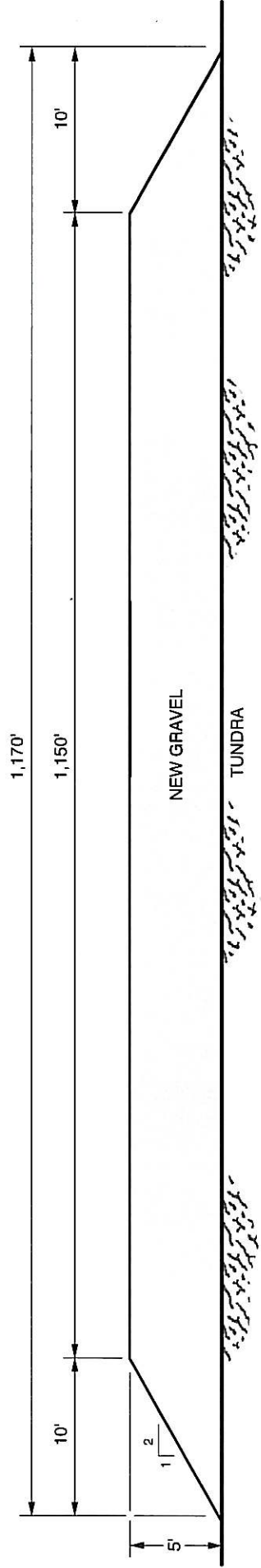
RIG ACCESS GRAVEL EXPANSION
CROSS SECTIONS

DATE:
May 2012

SCALE:
N/A

FIGURE:
3

ALL DIMENSIONS ARE APPROXIMATE



GRAVEL EXPANSION C-C'

Not to Scale

BP EXPLORATION (ALASKA) INC.

MILNE POINT UNIT
C PAD

RIG ACCESS GRAVEL EXPANSION
CROSS SECTIONS

DATE:
May 2012

SCALE:
N/A

FIGURE:
4

ALL DIMENSIONS ARE APPROXIMATE

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

LEASE / UNIT* PLAN OF OPERATIONS APPLICATION

Applicant: BP Exploration (Alaska) Inc. Date: 5/31/2012

Contact Person: Janet Sheldon Telephone #: (907) 564-4325 Fax #: (907) 564-5020

Mailing Address: P.O. Box 196612, Anchorage, AK 99519-6612 E-mail Address: janet.sheldon@bp.com

Is this activity within a Unit? Yes Which Unit? MPU Operator: BP Exploration (Alaska)

Is any part of the proposed project or activity discussed in the approved Unit Plan of Exploration or Development filed with the Division of Oil and Gas? No

If no, attach a detailed explanation.

The Applicant is: ☒ Unit Operator ☐ Lessee* ☐ Tract Operator ☐ Other*: _____

Project Description: BP Exploration (Alaska) Inc. (BPXA) proposes to expand the gravel pad at C Pad in the Milne Point Unit (MPU). (see attached Project Description/Plan of Operations)

Project Location / Facility Name: C Pad, Milne Point Unit (MPU)

ADL # (mandatory) 047434 Oil and Gas Bond #: 6184193

Plan of Operations require a \$250.00 permit fee; payable to the State of Alaska, Department of Revenue; and should accompany this application.

1. Plan of Operations: see attached Project Description/Plan of Operations
(Attach extra sheets if necessary, include applicable diagrams.)

2. Surface Property Owner: State of Alaska

3. Legal Description: Section 10, Township 13N, Range 10E, Meridian Umiat
(Include all necessary maps)

4. Site Access: existing roads

5. Proposed Start-up Date: July 2012 6. Expected Completion Date: July 2012

7. Project Material: gravel 8. Material Source: permitted sources

a. Amount: (pad): 19,000 cy (road): _____ cy (other): _____ cy

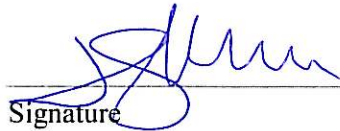
b. Acreage Covered: (pad): 1.88 (road): _____ (other): _____

9. Snow Removal Plan: Unit removal plan

* Unit Plan of Operations approvals are not considered complete until the consent of the Unit Operator has been obtained by the applicant.

10. Will Any Off-road (tundra or ice) Travel be Required? No
a) Period of Off-road Travel: _____
b) Equipment to be Utilized: _____
11. Will a Temporary Water Use Permit be Required? No
a) Purpose: _____
b) Sources: _____
c) Access: _____ d) Max. Anticipated Withdrawal: _____
12. Will Fuel or Any Other Hazardous Substances be Stored on Site? No
a) Type: _____
b) Volume: _____
c) Handling Technique: _____
d) Access: _____
e) Duration of Storage: _____
13. If a Pipeline is Being Constructed, will the line be a:
☐ Common Carrier Pipeline ☐ Field Gathering Line ☐ Other*: _____
a) Location / Route: _____
b) Number, Diameter and Length: _____
c) Type and Use: _____
d) Construction Access: _____
14. Plan for Rehabilitation: ☒ Upon Abandonment ☐ Specific *see attached plan*
15. Is Any Part of this Application Confidential? No
16. How will Solid Waste be Disposed of? existing North Slope facilities
17. What Infrastructure will be Used to Support the Project? existing North Slope infrastructure
18. Additional Comments _____

The undersigned hereby requests that each page of this application marked confidential be held confidential under AS 38.05.035(a)(9).


Signature

Permitting Advisor, HSE - Alaska
Title

5/31/2012
Date

LESSEE/SURFACE-OWNER INTERACTION

Statutes and regulation are explicit about how surface and subsurface owners and lessees shall interact; the subsurface estate is controlling. We have paraphrased here the relevant portions of AS 38.05.125 and AS 38.05.130 (a photocopy of the full text may be obtained by calling 269-8775):

AS 38.05.125 Reservation. *(a) Each contract for the sale, lease or grant of state land, and each deed . . . is subject to the following reservation:*

" . . . Alaska, hereby expressly saves . . . and reserves out of the grant . . . forever, all oils, gasses, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every . . . kind . . . which may be in or upon said land . . . and the right to explore the same . . . , and it expressly saves and reserves . . . the right to enter . . . upon said land, . . . at any and all times for the purpose of opening, developing, drilling, and working mines or wells . . . and taking out and removing . . . oil [and] gases . . . and to that end it further expressly reserves . . . the right to erect, construct, maintain, and use all such buildings, machinery, roads, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said land . . . for the foregoing purposes and to occupy as much of said land as may be necessary or convenient . . . expressly reserving to itself, its lessees, successors, and assigns, . . . all rights and powers in, to, and over said land . . . reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby . . . reserved."

That language is part of each deed awarded when the state transfers the surface estate; it retains the subsurface. The reservation includes the right to use the surface to develop the subsurface as well as to use existing facilities such as roads for the benefit of the entire state. Protection from damages is afforded surface owners at AS 38.05.130:

AS 38.05.130 Damages and posting of bond. *Rights may not be exercised by the state, its lessees, successors or assigns under the reservation . . . [AS 38.05.125] . . . until the state, its lessees, successors, or assigns make provisions to pay the owners of the land full payment for all damages sustained . . . by reason of entering upon the land. If the owner refuses . . . to settle the damages, the state, its lessees, successors, assigns . . . may enter upon the land in the exercise of the reserved rights after posting a surety bond determined by the director, after notice and an opportunity to be heard, to be sufficient as to form, amount, and security to secure . . . payments for damages, and may institute legal proceedings . . . to determine to damages which the owner may suffer.*

In addition, there are general stipulations in the regulations at 11 AAC 96.140 that address the conduct of operations. Most relevant here is (1):

No person may engage in mineral exploratory activity on land, the surface of which has been granted or leased by the State of Alaska . . . until good-faith attempts have been made to agree with the surface owner . . . on settlement for damages If agreement cannot be reached . . . operation may be commenced . . . only with specific approval of the director, and after making adequate provisions for full payment of any damages